



Agricultural News

from **Congressman Steve Buyer**

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Farm Bill Enters the Home Stretch

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The reauthorization of the farm bill entered its final phase in March when a House-Senate Conference Committee convened to resolve the differences between the House version and the Senate version. Prior to adjourning for Easter, the Conference Committee made good progress on reconciling the two bills. House and Senate Agriculture Committee staff are continuing negotiations through the two-week spring district work period with Conferees expected to pick up and complete their work on the bill when Congress returns the week of April 8.

The House of Representatives passed the farm bill on October 5, 2001, by a vote of 291-120. I voted in favor of the bill and issued a floor statement supporting the measure. The bill is the product of more than two years of work by the House Agriculture Committee in consultation with agriculture and environment groups, and, most importantly, American farmers. Highlights of the House-passed version include a stronger and more reliable farm safety net that continues fixed decoupled payments and introduces a new counter-cyclical payment to replace the ad hoc system of assistance payments that have characterized farm assistance programs. The bill also features a record level of conservation funding and keeps important programs for research, trade, nutrition, and rural development programs moving forward.

The Senate passed its version of the farm bill on February 13, 2002, containing several differences from the House-passed version. Areas of disagreement between the two bills include the cost and duration of the bill, payment limitations, water rights, and EQIP payment limitations on Concentrated Animal Feeding Operations.

At the beginning of the Conference, 587 points of disagreement were identified between the House and Senate. Since then, many of these differences have been resolved including two of the most difficult disagreements: the bills' cost and duration. The Senate version of the bill was scored by the Congressional Budget Office as being \$6.1 billion over budget and was five years in duration. The House bill is 10 years in duration. House and Senate negotiators agreed to a 10-year authorization with a \$73.5 billion funding level. Under the agreement, commodity programs would be funded at \$46 billion and conservation programs at \$17.1 billion above the current baseline. The bill also provides an additional \$6.4 billion for nutrition programs with the remaining funds being divided between export programs, rural development, agricultural research, and other programs.

I have been actively monitoring developments on the farm bill negotiations and have joined several of my House colleagues in urging the Conferees to maintain a strong farm safety net, support agriculture research, and oppose the expansion of dairy compacts. As always, your input has been vitally important throughout the process of developing the bill. I have been pleased to listen to the voice of farmers who have taken the time to write, call, e-mail, and meet to discuss agriculture issues both in Indiana and in Washington, DC, and I am grateful for the helpful insights and suggestions.

U.S. - Mexican Trade Dispute Reaches Interim Settlement

In January, I contacted U.S. Trade Representative Robert Zoellick to express my deep concern over the unfair tax that the Mexican legislature placed on soft drinks produced with high-fructose corn syrup. The Mexican legislature's action—a protectionist measure designed to shield Mexican sugar farmers from competition—threatened to reduce U.S. sales of high-fructose corn syrup by \$240 million. In early March, I was pleased to learn from Ambassador Zoellick that Mexican President Vicente Fox's administration agreed to temporarily suspend the discriminatory 20 percent tax for six months while U.S. and Mexican negotiators continue to work on a final settlement of the trade dispute. While the temporary tax suspension is good news in the short term, there are broader concerns with Mexico's treatment of high-fructose corn syrup which must be addressed. I will continue to be involved in this matter and work with the U.S. Trade Representative to secure a fair resolution for Indiana's farmers.

Senate Energy Agreement Could Help Ethanol

Prior to the Senate's spring district work period adjournment, an agreement was reached on an energy bill that would have significant implications for ethanol. As part of the debate over the Senate energy bill (S. 571), the Senate agreed to eliminate the Clean Air Act's requirement for the use of oxygenated fuel in certain areas of the country, but replaces it with a requirement for the use of 5 billion gallons of renewable fuels over the next 10 years. At the same time, the agreement eliminates the use of MTBE as a fuel additive meaning that more ethanol will be needed to meet the 5 billion gallon renewable fuel standard.

However, the deal has yet to be finalized and further changes to the language on renewable fuels in the Senate energy bill may still occur. The Senate is expected to resume debate on the energy bill when Congress returns from the spring district work period.

If finalized, the renewable fuels agreement would have significant benefits for farmers and ethanol producers. Demand for grain (mainly corn) would increase an average of 1.4 billion bushels and soybeans by 144 million bushels per year over the next decade. Additionally, 1.6 billion barrels of oil would be displaced over the next decade helping to address our nation's dependence on foreign oil and yielding important environmental benefits.

On a related note, House Energy and Commerce Committee Chairman Billy Tauzin has assigned me to the Committee's Energy and Air Quality Subcommittee. As a member of this important Subcommittee, I will continue to work for a balanced approach to our nation's energy policy that will include renewable energy sources such as ethanol and biodiesel, in addition to enhanced conservation measures, and the development of clean coal technologies.

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